

LATE TESTIMONY

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON AGRICULTURE AND HAWAIIAN AFFAIRS
ON
SENATE BILL NO. 2559

January 31, 2008

RELATING TO AGRICULTURAL LOANS

Senate Bill No. 2559 establishes the Hawaii agricultural micro loan program to make loans of up to \$25,000 for agricultural projects used for products produced in Hawaii and intended to be marketed and consumed in Hawaii. The bill creates the Hawaii agricultural micro loan revolving fund to be administered by the Department of Agriculture for providing loans to qualified farmers. This fund would receive deposits from State appropriations, loan repayments, payments of interest, fees, or received royalties.

As a matter of general policy, this department does not support the creation of any special or revolving fund that does not meet the requirements of Section 37-52.3 of the Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. It is difficult to determine whether the fund will be self-sustaining.